

Message Text

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73

ACTION EUR-25

INFO OCT-01 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 L-03 H-02 PM-07 NSC-10

SS-15 TRSE-00 OMB-01 TAR-02 AID-20 SCI-06 FTC-01 MC-02

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R 251740 Z JUN 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1272

C O N F I D E N T I A L PARIS 17419

E. O.: 11652: GDS

TAGS: ETRN, TECH, FR

SUBJ: GE- SNECMA LICENSE DECISION

REF: STATE 110422

1. IN AN APPEARANCE BEFORE THE FRENCH SENATE ON JUNE 20, ROBERT GALLEY, MINISTER OF NATIONAL DEFENSE, STATED THAT THE EUROPEAN AERONAUTICAL INDUSTRY COULD NOT " DEVELOP AND PERFECT THE ORGANIZATION OF ITS PRODUCTION" UNLESS IT WAS IN A POSITION TO BECOME THE PRINCIPAL SUPPLIER OF THE EUROPEAN MARKET, " SHELTERED, IF NECESSARY, BY A PROTECTION COMPARABLE TO THAT WHICH AMERICAN MANUFACTURERS ENJOY IN THE U. S. MARKET." THIS STATEMENT WAS IDENTICAL WORD FOR WORD WITH THE STATEMENT MADE BY PRIME MINISTER MESSMER IN HIS SPEECH OF JUNE 2 AT THE OFFICIAL LUNCH OF THE PARIS AIR SHOW. THESE OFFICIAL DECLARATIONS OBVIOUSLY HAVE RELEVANCE FOR THE SECOND OF THE TWO CONDITIONS WHICH WE HAVE ATTACHED TO APPROVAL OF THE GE LICENSE APPLICATION FOR THE JOINT VENTURE WITH SNECMA. WHILE IT CAN BE ARGUED THAT AT THE TIME HE MADE HIS SPEECH MESSMER WAS NOT AWARE OF THE U. S. DECISION, THE SAME CAN BE CERTAINLY NOT BE SAID FOR GALLEY.

2. IN SPITE OF THIS EMPHASIS ON RESTORING THE EC TARIFF ON U. S. AIRCRAFT, WE CONTINUE TO BELIEVE THAT THE REAL FRENCH OBJECTIVE
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IS TO OBTAIN THE ELIMINATION OF THE U. S. TARIFF. IF WE ARE RIGHT, THIS WOULD MEAN THAT ANY FRENCH HESITATION TO ACCEPT OUR CONDITION WOULD ARISE, NOT SO MUCH FROM A DESIRE TO RESTORE THE EC DUTY (THE GOF IS PRESUMABLY AWARE THAT THE DUTY HAS BEEN SUSPENDED, NOT TO HELP THE U. S. BUT TO REDUCE THE OPERATING COSTS OF EUROPEAN AIRLINES), BUT FROM A DESIRE NOT TO DEPRIVE THEMSELVES OF LEVERAGE WHICH WOULD BE USED IN THE MTN TO BARGAIN FOR THE REMOVAL OF OUR TARIFF.

3. IF THIS IS THE CASE, IT MIGHT BECOME NECESSARY, IN ORDER TO OBTAIN GOF ACCEPTANCE OF THIS CONDITION, TO OFFER IT ASSURANCES THAT WE WOULD NOT PERMIT ACCEPTANCE OF THIS CONDITION TO PREJUDICE POSSIBLE SUBSEQUENT NEGOTIATIONS ON THE ELIMINATION OF BOTH THE EC AND THE US TARIFFS ON AIRCRAFT.
IRWIN

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*** Current Classification *** CONFIDENTIAL

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